

Information Request DTE-1-2

Please provide the Department-approved calendar year (“CY”) 2000, CY 2001, and CY 2002, RCS budgets and the corresponding actual expenditures for the RCS programs during those years.

- a. Explain the difference, if any between the approved amount and the actual expenditure for each calendar year.
- b. Explain the rationale for the change in the budgeted amount, if any, between the calendar years.
- c. Provide the projected number and actual number of participants in the program for each of the three calendar years provided.

Response

- a. The following table provides the CY 2000, CY 2001, and CY 2002 RCS budgets and corresponding actual expenditures. As shown, in CY 2000 and CY 2001 expenditures were less than the approved budgets. This is directly attributable to the actual levels of participation being less than the forecasted levels. Although difficult to predict during a peak period, based on actual program participation to date for CY 2002, it is anticipated that year-end total expenditures may be slightly under budget in CY 2002.

<b>NSTAR RCS Budget &amp; Expenditures</b>			
	<b>2000</b>	<b>2001</b>	<b>2002 (thru Oct.)</b>
Budget	\$1,861,962	\$1,381,000	\$1,384,886
Actual Expenditures	1,494,206	1,177,226	912,741
Variance	\$367,756	\$203,774	\$472,145

- b. As shown in the preceding table, the budgets for CY 2001 and CY 2002 were reduced approximately 25 percent from the CY 2000 budget. This is attributed to a change in the RCS program from establishing program goals based on the number of audits completed to an eligibility-based, home-assessment program, beginning in 2001. The new program design encourages consumer investments in energy efficiency measures and renewables by providing financial incentives to consumers for installation of these energy efficiency

measures. By using a Tier-1 screening process designed to determine a customer's need for in-home energy surveys and services based on their initial phone contact with the program administrator's RCS vendor, the number of program participants is reduced as compared to participation levels under the old program design where every call resulted in an audit. This accounts for the 25 percent budget drop from CY 2000 (old program design) to CY 2001 (new program design). The CY 2001 and CY 2002 budgets are within 1 percent of each other.

- c. The following table provides the budgeted program participation level versus the actual participation level for CY 2000 – CY 2002.

<b>Total NSTAR RCS Program Participation</b> (Number of Customers)			
	<b>2000</b>	<b>2001</b>	<b>2002 (thru Oct.)</b>
Budgeted Participation	10,691	7,070	4,940
Actual Participation	8,523	4,873	3,507